

H1/2019 Results

A photograph of three people in an office setting, celebrating. A man on the left, wearing a blue t-shirt and a patterned scarf, has his arm raised in excitement. In the center, a woman with short brown hair, wearing a white button-down shirt with a small black pattern, has her mouth open in a shout and her right arm raised. On the right, a woman with blonde hair tied back, wearing a blue t-shirt, also has her right arm raised. They are gathered around a desk with a large computer monitor. The entire image is overlaid with a semi-transparent blue filter.

August 2019

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Huomioitavaa / Forward-Looking Statements

Eräät tämän esityksen osat sisältävät lausumia tulevaisuudesta perustuen yhtiön nykyisiin odotuksiin, arvioihin, ennusteisiin ja oletuksiin.

Sanat kuten "ennustaa", "arvioida", "odottaa", "suunnittelee", sekä niiden johdannaiset on tarkoitettu osoittamaan tulevaisuudennäkymiä, jotka sisältävät mm. yhtiön toimintaa, kannattavuutta, markkinakasvua ja toimialan kehitysnäkymiä, rajoittumatta kuitenkaan näihin seikkoihin.

Nämä lausunnot sisältävät riskejä ja epävarmuustekijöitä, joiden ennustaminen on vaikeaa, ja siksi toteutuvat tulokset ja kehitystrendit voivat poiketa huomattavasti tähänhetkisistä tulevaisuudennäkymistä. Yhtiö päivittää lausuntojaan uuden informaation ja tulevaisuuden tapahtumien osalta tiedonantovelvollisuuden puitteissa.

Certain sections of this presentation contain forward-looking statements based on the Company's current expectations, estimates, projections and assumptions.

Words such as 'forecasts', 'estimates', 'expects', 'plans', and variations of these words and similar expressions are intended to identify forward-looking statements, which include, but are not limited to, The Company's performance and profitability, market growth and industry developments.

These statements involve certain risks and uncertainties, which are difficult to predict, and therefore actual future results and trends may differ materially from what is forecast in forward-looking statements. The Company undertakes to update such statements with respect to new information and future events only within the limits of its statutory obligation to disclose information.

Efecte H1/2019: Strategy execution proceeding according to plan

SaaS revenue
grew

25%

International SaaS
revenue grew

57%

Operating loss
margin shrank

7% points

- Total net sales grew by 15% to 6.9 Million euro
- SaaS was 50% and Services 39% of total net sales
- EBITDA was -0.8 Million euro and operating profit -1.0 Million euro
- Operating profit percentage improved from -21% to -14%

A hand is shown pointing at a tablet screen. The entire image is covered with a semi-transparent blue overlay. The text 'Landing our strategy' is written in white, bold, sans-serif font across the middle of the image.

Landing our strategy

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Efecte strategy

2022

Happiest and
fastest growing

Make it
happen

Respect

Challenge

Trust

- 1. Provide cloud-based service management software that helps customers perfect any service**
(with greater agility, user experience and total cost of ownership)
- 2. Target midmarket & local service providers**
- 3. Expand in Europe, as the European option**
- 4. Focus on making our customers successful, and through that grow our SaaS business**

We love services,
and our mission is to perfect them

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1. Provide cloud-based service management software that helps customers perfect any service

- R&D focused especially on features that boost agility in our customers' operations
- New features including kanban board will be launched in customer event in September
- Efecte Identity Management moved to separate BU, IGA continued as part of main business

2. Target midmarket & local service providers

- Increased focus on local service providers in sales & marketing
- Six new service provider customers signed
- To service providers, our software plays typically a more strategic role, compared to other customers

3. Expand in Europe, as the European option

- Germany driving international SaaS growth of +57% in H1
- First Swiss customer Hotelplan Group signed
- Swedish development slower than expected, but sales activity and results were picking up in Q2

4. Focus on making our customers successful, and through that grow our SaaS business

- Continuous measurement of customer satisfaction
- Streamlining deployment projects aiming at happier customers and faster start of SaaS invoicing
- Strong, +25% growth in SaaS

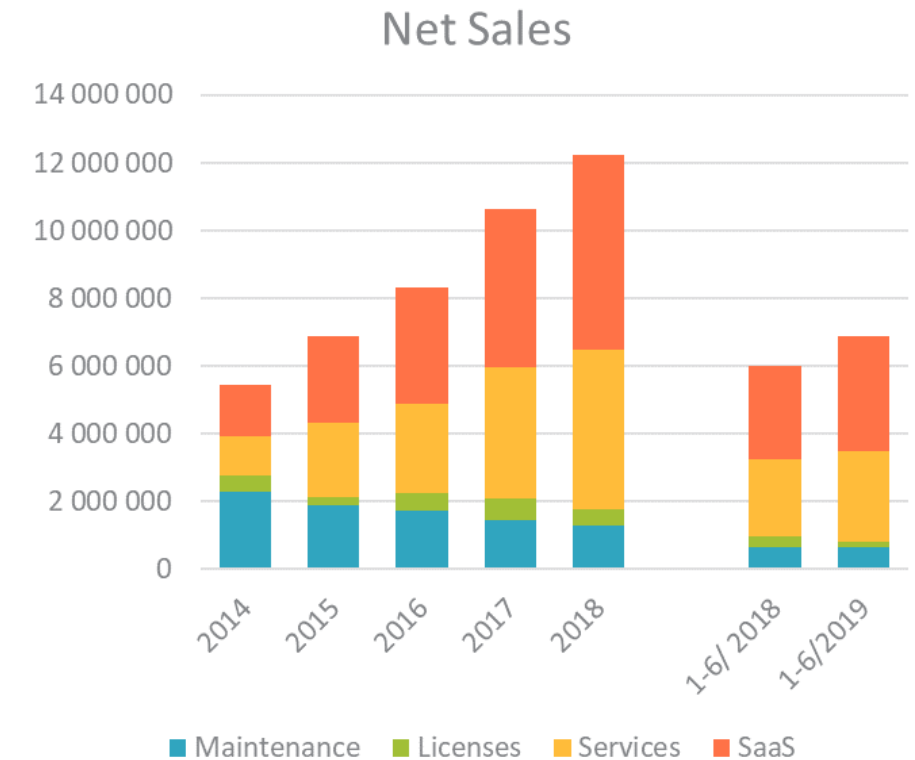


H1 2019

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1-6/2019 in brief

- Net sales grew by 15% to 6.9 M€
- Growth without perpetual licences 19%
- Main business SaaS grew by 25%
- Services grew by 16%
- Growth investments decreased EBITDA to -0.8 M€
- Profitability continued to improve in line with our expectations, with investments into international growth continuing



Key figures

1000 eur	1-6/ 2019	1-6/ 2018	2018	2017
Net Sales	6 884	5 983	12 224	10 615
SaaS	3 408	2 730	5 754	4 645
Licenses	147	304	487	615
Maintenance	646	645	1 292	1 453
Services	2 684	2 305	4 691	3 901
Domestic net sales	5 765	5 025	10 374	9 102
International net sales	1 118	958	1 849	1 513
Domestic sales (% of net sales)	84 %	84 %	85 %	86 %
International (% of net sales)	16 %	16 %	15 %	14 %
Recurring revenue	4 053	3 375	7 045	6 099
Recurring revenue (% of net sales)	59 %	56 %	58 %	57 %
SaaS MRR, at the end of the period	587	483	523	425
Net sales growth %	15.0 %	18.8 %	15.2 %	27.5 %

Income statement

(1 000 EUR)

	1-6/19	1-6/18	2018
Net sales	6 884	5 983	12 224
Other operating income	0	-	2
Materials and services	-648	-520	-1 151
Personnel expenses	-5 139	-4 639	-9 356
Other operating expenses	-1 902	-1 862	-3 706
EBITDA	-806	-1 038	-1 987
Other depreciation and amortisation	-169	-168	-351
EBITA	-975	-1 205	-2 339
Goodwill amortisation	-9	-9	-19
Group goodwill amortisation	-	-24	-24
Operating profit	-984	-1 239	-2 382
Financial income and expenses	26	-17	-32
Profit before income tax	-958	-1 256	-2 414
Income tax	-	-	-5
Profit for the period	-958	-1 256	-2 419

- Net sales 6.9 M€

- EBITDA -0.8 M€

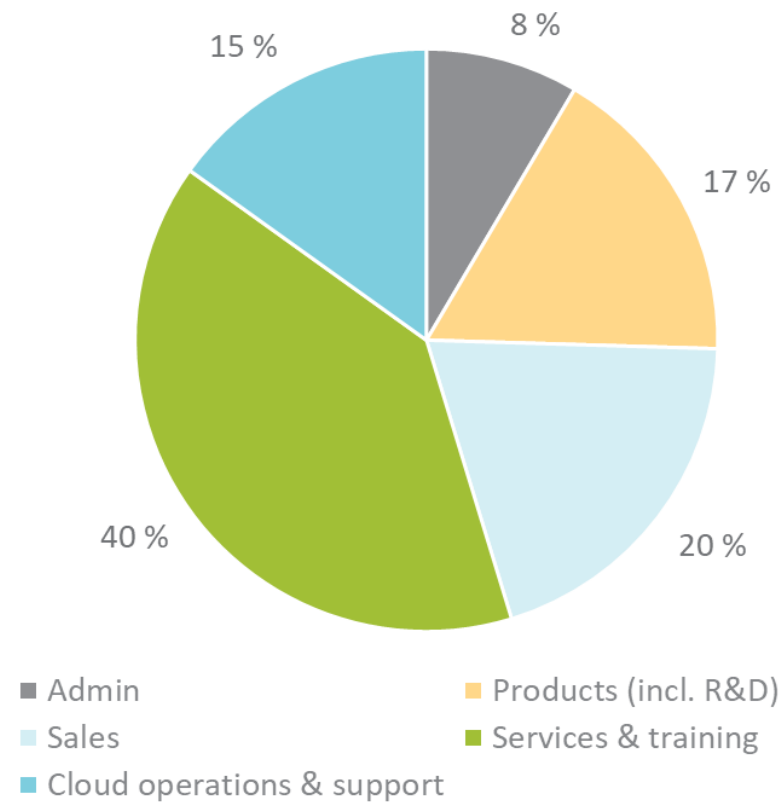
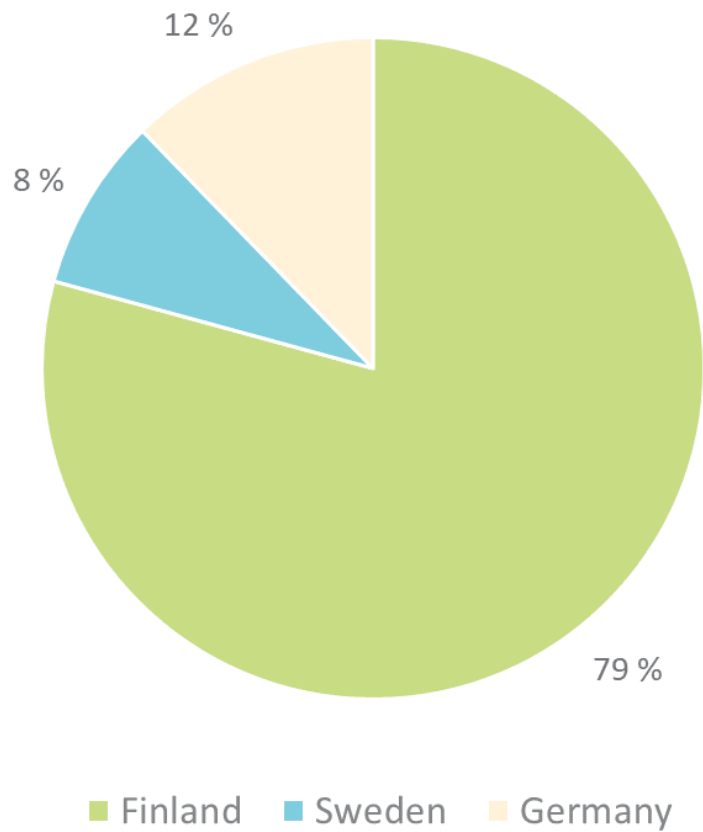
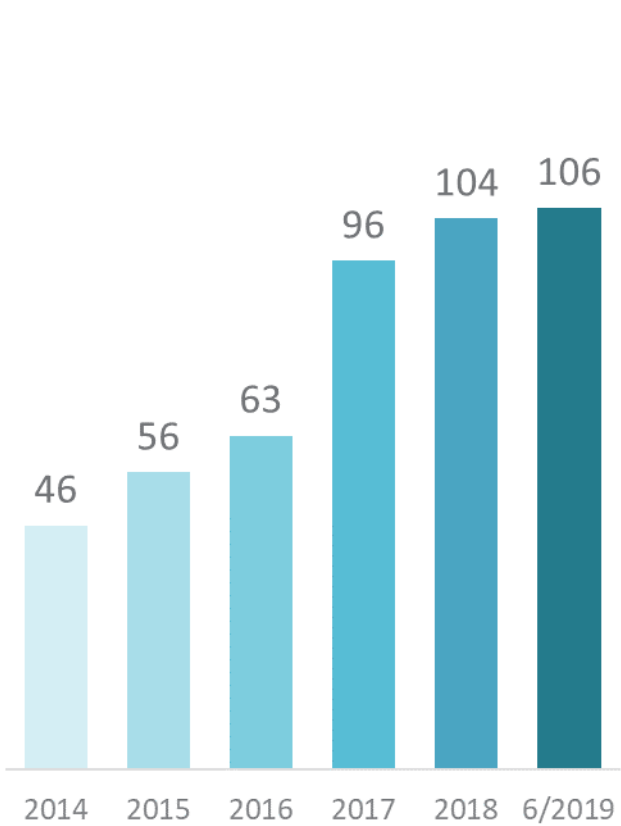
- EBIT -1.0 M€

Balance sheet

(1 000 EUR)	6/2019	6/2018	12/2018
Non-current assets			
Development expenses	1 023	933	991
Other intangible assets	26	11	11
Goodwill	52	71	61
Machinery and equipment	29	42	39
Current assets			
Inventories, work in progress	15	3	2
Trade and other receivables (long-term)	55	63	53
Trade and other receivables short-term)	1 987	2 372	2 276
Short-term investments	3 023	3 589	2 182
Cash and cash equivalents	1 952	2 074	2 027
Total assets	8 163	9 157	7 643
Share capital	80	80	80
Reserve of invested non-restricted equity	10 686	10 586	10 588
Retained earnings	-8 211	-6 101	-7 249
Total equity	2 554	4 566	3 419
Current liabilities			
Received advances	2 904	2 550	1 858
Trade payables	429	449	467
Other payables	681	558	750
Accruals	1 593	1 035	1 150
Total liabilities	5 608	4 592	4 224
Equity and liabilities	8 163	9 157	7 643

- Capitalized R&D cost approx. 1.0 M€
- Goodwill approx. 0.1 M€
- No financial loans
- Net cash 5.0 M€

Employees



6/2019

Largest shareholders 30.6.2019

	Shareholder	Shares	%
1	First Fellow Oy	1 010 499	17.0
2	Oy Fincorp Ab	751 307	12.6
3	Stadigh Kari	334 546	5.6
4	Innovestor Kasvurahasto I Ky	298 992	5.0
5	Ilmarinen pension insurance	290 909	4.9
6	Montonen Markku	263 571	4.4
7	Aktia Nordic Micro Cap mutual fund	254 545	4.3
8	OP-Suomi Mikroyhtiöt	173 611	2.9
9	Sarkkinen Jussi-Pekka	144 015	2.4
10	Havacment Oy	121 107	2.0

- 1 398 shareholders as of 30.6.2019
- 5 943 988 shares in total
 - Efecte owns 36 133 treasury shares
- 286 892 shares (4.8%) in nominee register

Financial targets, guidance on 2019, dividend policy

Long-term financial targets

Effecte aims for over 20% annual organic growth of SaaS net sales on average in 2019 - 2022. Substantial investments in international growth and product development will decrease operating profit in the next few years, but the company aims for a double-digit operating profit percentage by the end of the strategy period.

Guidance on 2019

In 2019 SaaS net sales is expected to grow by over 20% and profitability to improve from the comparison period.

Dividend policy

According to its strategy, the Company will invest substantially in growth in the next few years, due to which it does not aim to pay dividends in 2018–2020.

Illustration of net sales and profitability development, based on long-term targets

	2017	2018	2018	2019	2020	2021	2022
			Illustration of net sales and profitability development, based on long-term targets				
Net sales	10.6 M€	12.2 M€					>20 % CAGR of SaaS in 2019–2022
Profitability	EBITDA 3 %	EBITDA -16 %					Double-digit EBIT-%
			Substantial investments in international growth will decrease operating profit in the next few years				
Financing	Cash flow	IPO 2017	IPO 2017	IPO 2017	Cash flow	Cash flow	Cash flow



Summary

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**#WE
LOVE
SERVICES**

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Thank You!

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